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FINANCIAL REPORT

CITY OF AMORY

Amory, Mississippi

September 30, 2003

CITY OF AMORY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
City of Amory
Amory, Mississippi 38821

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amory, Mississippi, as of and for the year ended September 30, 2003, which collectively comprise the City of Amory's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Amory, Mississippi's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Amory - Electric Department's financial year ends on June 30, as required by regulatory bodies, and, therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2002 and ending June 30, 2003.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amory, Mississippi at September 30, 2003, and the respective changes in financial position and the cash flows, where appropriate, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the accompanying financial statements, during 2003, the City changed its method of reporting in accordance with Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

The management discussion and analysis on pages 5 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In connection with our examination, nothing came to our attention that caused us to believe that the municipality is not in compliance with the requirements of the State Department of Audit, as set forth in the Municipal Compliance Questionnaire, except for noncompliance with fixed asset record keeping requirements.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of City of Amory, Mississippi, taken as a whole. The combining and individual fund financial statements and schedules and other supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Amory, Mississippi. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2004, on our consideration of the City of Amory, Mississippi’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
May 20, 2004

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplemental Information for the Year ended September 30, 2003

This section of the City of Amory's Comprehensive Annual Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the City of Amory financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City adopted the provisions of Governmental Auditing Standards Board Statement No. 34 in the current fiscal year.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$26,723,934. Of this amount, \$5,103,795 may be used to meet the City of Amory ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Amory governmental funds reported combined ending fund balances of \$3,766,039, an increase of \$216,276 in comparison to the prior year. Approximately 73% of the combined fund balances, \$2,674,810 is considered unreserved and is available for spending at the City of Amory discretion.
- The City of Amory's total debt is \$4,044,751. Debt in the amount of \$2,406,520 was issued in the current fiscal year, of which \$1,815,000 million was for general obligation bond refunding, \$500,000 was for capital projects, and \$91,520 was issued for proprietary fund capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Amory.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Amory's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Amory's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Amory has four Governmental Fund types: the General, Special Revenue, Debt Service and Capital Projects.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and include the Electric, Water & Sewer, and Solid Waste funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City of Amory's financial statements, including the portion of the City of Amory they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City of Amory's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the city that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the city operates similar to private businesses: Electric Department, Water & Sewer, and Solid Waste.
Required financial statements	Statement of Net assets; statement of activities	Balance Sheet; Statement of revenues, expenditures, and changes in Fund balances	Statement of Net assets; statement of revenues, Expenses, and Changes in Net assets' statement of Net cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid
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Government-wide Statements

The government-wide statements report information about the City of Amory as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Amory's net assets and how they have changed. Net assets—the difference between the City of Amory's assets and liabilities—is one way to measure the City of Amory's financial health, or position.

- Over time, increases or decreases in the city of Amory's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Amory, the reader should consider additional non-financial factors such as changes in the City of Amory's property tax base.
- *Governmental activities* – Most of the City of Amory's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Amory charges fees to customers to help it cover the costs of certain services it provides. The City of Amory's garbage pickup, water and sewer systems and electric department services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Amory's most significant funds—not the City as a whole. The “fund” level is where the basic unit of financial organization and operation within the City of Amory exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Amory has two kinds of funds:

- **Governmental funds**—most of the City of Amory's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Amory's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Amory utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
- **Proprietary funds**—Services for which the City of Amory charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary funds—enterprise funds. The City of Amory's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Balance Sheet, Statement of Revenues, Expenses and Changes in Retained Earnings, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

While Government Accounting Standards Board (GASB) Statement No. 34 requires the comparison of current and prior year government wide financial information in Management's Discussion and Analysis, it may be omitted in the first year of implementing the standard because the prior-year information is unavailable. In future years, a comparative analysis of government-wide data will be presented. Therefore, Tables A-1 through A-4 list only current year information.

Net assets may serve over time as a useful indicator of a government's financial position. The City of Amory's assets exceeded liabilities by \$26,723,934 at the close of the most recent fiscal year.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion, 60%, of the City's net assets reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1

City of Amory's Net Assets (000's Omitted)

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 5,731	\$ 6,036	\$ 11,767
Capital Assets	10,080	10,565	20,645
Total Assets	15,811	16,601	32,412
Current and Other Liabilities	558	1,470	2,028
Long-Term Liabilities	3,260	400	3,660
Total Liabilities	3,818	1,870	5,688
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,411	9,848	16,259
Restricted	478	0	478
Unrestricted	5,104	4,883	9,987
Total Net Assets	\$ 11,993	\$ 14,731	\$ 26,724

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The \$5,103,795 of unrestricted net assets provide excess funds to meet the government's ongoing obligations to citizens and creditors.

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net assets of our business-type activities \$4,883,223 of the total unrestricted net assets. These resources cannot be used to add to the net asset surplus in governmental activities. The City of Amory generally can only use these net assets to finance the continuing operations of the business type activities.

Changes in net assets. Approximately 8.66 percent of the City of Amory's revenue comes from property taxes, with 23.56 percent of all revenue coming from some type of tax. (See Table A-2.) Another 63.17 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2
Changes in The City of Amory's Net Assets

	Governmental Activities	Business-Type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$ 211,254	\$ 10,167,546	\$ 10,378,800
Operating Grants & Contributions	46,220	0	46,220
Capital Grants & Contributions	484,667	0	484,667
General Revenues:			
Property Taxes	1,422,797	720	1,423,517
Other Taxes	2,523,321	0	2,523,321
Capital Grants Unrestricted	3,626	0	3,626
Investment Income	93,909	72,825	166,734
Other	1,410,212	0	1,410,212
Total Revenues	6,196,006	10,241,091	16,437,097
Expenses			
General Government	730,995	0	730,995
Public Safety	1,756,038	0	1,756,038
Public Works	824,675	0	824,675
Urban & Economic Development	11,813	0	11,813
Culture & Recreation	501,229	0	501,229
Debt Service	159,725	0	159,725
Water & Sewer	0	1,203,664	1,203,664
Electric	0	8,377,402	8,377,402
Solid Waste Management	0	638,603	638,603
Total Expenses	3,984,475	10,219,669	14,204,144
Excess of Revenue Over Expenses	2,211,531	21,422	2,232,953
Transfers	0	0	0
Increase in Net Assets	2,211,531	21,422	2,232,953
Net Assets—Beginning restated	9,781,217	14,709,764	24,490,981
Net Assets—Ending	\$ 11,992,748	\$ 14,731,186	\$ 26,723,934

CITY OF AMORY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net assets by \$2,211,531, thereby accounting for 99.0 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are other taxes (40%), property taxes (23%), and other grants & contributions (8%).

The largest expense categories for the City's governmental activities are public safety (44%) and public works (21%).

Business-type Activities

Business-type activities increased the City's net assets by \$21,422 accounting for less than a 1.0 percent of the growth in the City's net assets.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$1,063,125 for water, \$8,389,716 for electric, and \$714,705 for solid waste management.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,764,810, which comprised the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. Total fund balance represents 69% of total fund expenditures. The fund balance of the City's general fund increased by \$383,634 during the current fiscal year.

Capital Debt Service Fund—The capital debt service fund has a total fund balance of \$454,073, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the capital debt service fund was \$73,661.

Capital Projects Fund—The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$23,579.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$523,577, which will be used for future expenditures.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$14,731,186. Changes in net assets, which totaled \$21,422, were as follows: the electric fund increased by \$41,663, the water & sewer fund decreased by \$98,595, and the solid waste management fund increased by \$78,354.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2002-03 general fund operating budget increased by approximately \$844,000. This increase was primarily related to new capital outlay for construction projects that were funded with grant funds, not tax revenues. The only significant operating budget increase, other than capital projects was a increase in the budget for the police department of approximately \$120,000.

The City's tax millage for the 2003 fiscal year decreased by 3.13 mills or 7.9%. This was possible due to budget cuts made by the City and state and federal grant funds that were received.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounted to \$20,260,236, net of accumulated depreciation of \$17,794,929. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3
City of Amory's Capital assets

	Governmental Activities	Business-Type Activities	Total
Land	\$ 766,361	\$ 145,828	\$ 912,189
Buildings	2,957,532	445,654	3,403,186
Improvements (other than buildings)	1,285,608	17,119,044	18,404,652
Machinery & Equipment	2,649,481	1,778,259	4,427,740
Infrastructure	10,216,562	0	10,216,562
Construction-in-progress	0	690,836	690,836
Accumulated Depreciation	(7,838,674)	(9,956,255)	(17,794,929)
Total	\$ 10,036,870	\$ 10,223,366	\$ 20,260,236

Long-term Debt—At year-end, the city had \$4,044,751 in bonds and notes outstanding. More detailed information about the city of Amory's long-term liabilities is presented in the notes to the financial statements.

CITY OF AMORY, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4
City of Amory's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 1,815,000	\$ 0	\$ 1,815,000
CAP Loans	1,288,868	0	1,288,868
Promissory Notes	565,494	375,389	940,883
Total	\$ 3,669,362	\$ 375,389	\$ 4,044,751

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2004 budget. The total budgeted appropriations for the City operations is \$4,742,352. This budget reflects an increase of approximately \$250,000. The increase is primarily related to capital outlay related to public works Waterway Road Projects. These projects will be funded primarily by state and federal grant funds.

CONTACTING THE CITY OF AMORY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Amory finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Amory's Finance Department, P.O. Drawer 457 Amory, MS 38821.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS - GOVERNMENT-WIDE
September 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash on Deposit	\$ 251,952	\$ 566,463	\$ 818,415
Money Market, CD's	3,438,696	3,850,448	7,289,144
Accounts Receivable	236,674	1,297,183	1,533,857
Other	8,307		8,307
Notes Receivable	1,223		1,223
Lease Payments Receivable	1,580,088		1,580,088
Due From Other Funds	48,173	94,323	142,496
Due From Other Governments	161,784		161,784
Accrued Interest	3,741		3,741
Prepaid Expenses		19,404	19,404
Inventories		193,998	193,998
Deferred Debits		14,540	14,540
TOTAL CURRENT ASSETS	5,730,638	6,036,359	11,766,997
Noncurrent Assets:			
Cash Invested - Reserved			
For Future Expansion		220,508	220,508
Notes Receivable		120,757	120,757
Bond Issue Costs	43,793		43,793
Capital Assets:			
Land	766,361	145,828	912,189
Leasehold Improvements	1,285,608		1,285,608
Plant, Buildings and Improvements	2,957,532	17,564,698	20,522,230
Machinery and Equipment	2,649,481	1,778,259	4,427,740
Infrastructure	10,216,562		10,216,562
Construction in Progress		690,836	690,836
Accumulated Depreciation	(7,838,674)	(9,956,255)	(17,794,929)
TOTAL NONCURRENT ASSETS	10,080,663	10,564,631	20,645,294
TOTAL ASSETS	\$ 15,811,301	\$ 16,600,990	\$ 32,412,291

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS - GOVERNMENT-WIDE
September 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 97,924	\$ 811,425	\$ 909,349
Due to Other Funds	13,321	217,191	230,512
Due to Other Governments			
Due to Other Industries	3,453		3,453
Current Maturities of Long-Term Debt			
General Obligation Bonds	285,000		285,000
Notes Payable	124,189	98,466	222,655
Deferred Credits		(5,619)	(5,619)
Customer Deposits		311,501	311,501
Accrued Compensated Absences	34,493	37,023	71,516
TOTAL CURRENT LIABILITIES	558,380	1,469,987	2,028,367
Noncurrent Liabilities:			
Advances TVA - Home Insulation Loans		122,894	122,894
General Obligation Bonds, net of current maturities	1,530,000		1,530,000
Notes Payable, net of current maturities	1,730,173	276,923	2,007,096
TOTAL NONCURRENT LIABILITIES	3,260,173	399,817	3,659,990
TOTAL LIABILITIES	3,818,553	1,869,804	5,688,357
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	6,411,301	9,847,963	16,259,264
Restricted for:			
Debt Service	454,073		454,073
Capital Projects	23,579		23,579
Unrestricted	5,103,795	4,883,223	9,987,018
TOTAL NET ASSETS	\$ 11,992,748	\$ 14,731,186	\$ 26,723,934

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - GOVERNMENT-WIDE
September 30, 2003

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT	
						Governmental Activities	Business-Type Activities
PRIMARY GOVERNMENT							
Government Activities:							
General Government	\$ 730,995	\$ 6,016	\$ 46,220	\$ 6,016	\$ 6,016	\$ (724,979)	\$ (724,979)
Public Safety	1,756,038	151,685			197,905	(1,558,133)	(1,558,133)
Public Works	824,675			484,667	484,667	(340,008)	(340,008)
Urban and Economic Development	11,813				-	(11,813)	(11,813)
Culture and Recreation	501,229	53,553			53,553	(447,676)	(447,676)
Debt Service	159,725				-	(159,725)	(159,725)
TOTAL GOVERNMENTAL ACTIVITIES	3,984,475	211,254	46,220	484,667	742,141	(3,242,334)	(3,242,334)
Business-Type Activities:							
Water and Sewer	1,203,664	1,063,125			1,063,125	(140,539)	(140,539)
Electric	8,377,402	8,389,716			8,389,716	12,314	12,314
Solid Waste Management	638,603	714,705			714,705	76,102	76,102
TOTAL BUSINESS-TYPE ACTIVITIES	10,219,669	10,167,546	-	-	10,167,546	(52,123)	(52,123)
TOTAL PRIMARY GOVERNMENT	\$ 14,204,144	\$ 10,378,800	\$ 46,220	\$ 484,667	\$ 10,909,687	\$ (3,242,334)	\$ (3,294,457)
GENERAL REVENUES:							
Taxes:							
Property Taxes, Levied for General Purposes						\$ 1,084,955	\$ 1,085,675
Property Taxes, Levied for Debt Service						337,842	337,842
Sales Taxes						1,606,973	1,606,973
County Pro Rata Taxes						263,512	263,512
Franchise Taxes						47,217	47,217
In Lieu Taxes						507,202	507,202
Gasoline Taxes & Other Taxes						23,005	23,005
Homestead Reimbursement						75,412	75,412
Grants and Contributions not Restricted to Specific Programs						3,626	3,626
Investment Earnings						93,909	166,734
Miscellaneous						1,410,212	1,410,212
Transfers						-	-
TOTAL GENERAL REVENUES AND TRANSFERS						5,453,865	5,527,410
CHANGE IN NET ASSETS						2,211,531	2,232,953
NET ASSETS--BEGINNING, as previously stated						13,886,245	28,614,126
PRIOR PERIOD ADJUSTMENT						(4,105,028)	(4,123,145)
NET ASSETS--BEGINNING, as restated						9,781,217	24,490,981
NET ASSETS--ENDING						\$ 11,992,748	\$ 26,723,934

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2003

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash on Deposit	\$ 211,188	\$ 40,764	\$ 251,952
Money Market, CD's	2,477,066	961,630	3,438,696
Accounts Receivable			
Other	8,307		8,307
Notes Receivable		1,223	1,223
Lease Payments Receivable	1,636,019		1,636,019
Due From Other Funds	48,173		48,173
Due From Other Governments	156,084	5,700	161,784
Accrued Interest	3,077	664	3,741
TOTAL ASSETS	\$ 4,539,914	\$ 1,009,981	\$ 5,549,895
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities:</u>			
Accounts Payable and Accrued Expenses	\$ 89,172	\$ 8,752	\$ 97,924
Due to Other Funds	13,321		13,321
Due to Other Governments			
Due to Other Industries	3,453		3,453
Deferred Revenues - Lease Payments	1,634,665		1,634,665
Accrued Compensated Absences	34,493		34,493
TOTAL LIABILITIES	1,775,104	8,752	1,783,856
<u>FUND BALANCES:</u>			
Reserved:			
Debt Service		454,073	454,073
Unrestricted:			
Designated for Projects			
Special Revenue Funds		523,577	523,577
Capital Projects Funds		23,579	23,579
Undesignated	2,764,810		2,764,810
Special Revenue Funds			
TOTAL FUND BALANCES	\$ 2,764,810	\$ 1,001,229	\$ 3,766,039

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
For the Year Ended September 30, 2003

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,766,039
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	10,036,870
--	------------

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(3,669,362)
--	-------------

Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	16,762
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Deferred revenues for capital lease receivables deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	1,578,734
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Accrual of court fine revenues to qualify as financial resources.	219,912
---	---------

Unamortized bond costs are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	<u>43,793</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u><u>11,992,748</u></u>
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See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2003

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
General Property Taxes	\$ 1,075,907	\$ 337,842	\$ 1,413,749
Sales and Use Taxes	1,606,973		1,606,973
Licenses and Permits	29,292		29,292
Franchise Fees	47,217		47,217
Penalties and Interest	27,116		27,116
Intergovernmental Revenues	1,339,423	60,392	1,399,815
Charges for Services	59,569		59,569
Fines and Forfeits	155,665		155,665
Interest Revenues	74,332	19,577	93,909
Miscellaneous Revenues	61,304	4,329	65,633
TOTAL REVENUES	4,476,798	422,140	4,898,938
EXPENDITURES:			
Current:			
General Government	686,050		686,050
Public Safety	1,683,316	264,403	1,947,719
Public Works	940,681		940,681
Culture and Recreation	561,612		561,612
Other Functions	113,235		113,235
Capital Projects		544,817	544,817
Debt Service		2,274,334	2,274,334
TOTAL EXPENDITURES	3,984,894	3,083,554	7,068,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	491,904	(2,661,414)	(2,169,510)
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(179,056)	(500)	(179,556)
Transfers from Other Funds		179,556	179,556
Lease Payments	70,786		70,786
Proceeds of Loans Payable		500,000	500,000
Proceeds of General Obligation Bonds		1,815,000	1,815,000
TOTAL OTHER FINANCING SOURCES (USES)	(108,270)	2,494,056	2,385,786
NET CHANGE IN FUND BALANCES	383,634	(167,358)	216,276
FUND BALANCES - Beginning	2,381,176	1,168,587	3,549,763
FUND BALANCES - Ending	\$ 2,764,810	\$ 1,001,229	\$ 3,766,039

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT
OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2003

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	216,276
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		1,512,323
--	--	-----------

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(542,959)
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Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.		9,048
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Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.		(3,980)
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Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received.		(70,786)
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Proceeds for lease of building to local industry reported as deferred revenue on the Governmental Funds financial statements.		1,292,000
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Governmental funds report unamortized bond issue costs as expenditures. However, in the Government-Wide Statements bond issue costs are capitalized and amortized over the term of the bonds.		43,793
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Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.		
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This amount represents bond proceeds and premiums.		(2,315,000)
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This amount represents long-term debt repayments and issuance costs.		2,070,816
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	2,211,531
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See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2003

	Budget			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES:				
General Property Taxes	\$ 974,047	\$ 1,050,623	\$ 1,071,730	\$ 21,107
Sales and Use Taxes	1,500,000	1,570,000	1,614,298	44,298
Licenses and Permits	19,550	24,524	29,292	4,768
Franchise Fees	29,950	41,077	47,582	6,505
Penalties and Interest	20,000	20,000	27,116	7,116
Intergovernmental Revenues	803,440	1,405,661	1,339,423	(66,238)
Charges for Services	51,551	56,762	59,569	2,807
Fines and Forfeits	145,000	157,000	155,665	(1,335)
Interest Revenues	38,812	68,197	113,602	45,405
Miscellaneous Revenues	7,240	10,257	63,046	52,789
TOTAL REVENUES	3,589,590	4,404,101	4,521,323	117,222
EXPENDITURES:				
Current:				
General Government	688,042	726,638	686,050	40,588
Public Safety	1,847,115	1,749,530	1,683,316	66,214
Public Works	746,140	1,299,963	940,681	359,282
Culture and Recreation	604,920	595,847	561,612	34,235
Other Functions	24,850	115,605	113,235	2,370
Capital Projects				0
TOTAL EXPENDITURES	3,911,067	4,487,583	3,984,894	502,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(321,477)	(83,482)	536,429	(385,467)
OTHER FINANCING SOURCES (USES):				
Transfers (to) from Other Funds	(136,695)	(165,734)	(179,056)	(13,322)
Lease Payments	115,860	88,199	70,786	17,413
TOTAL OTHER FINANCING SOURCES (USES)	(20,835)	(77,535)	(108,270)	4,091
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (342,312)	\$ (161,017)	\$ 428,159	\$ (381,376)

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS -
PROPRIETARY FUND TYPES
September 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTAL
ASSETS:				
<u>Current Assets:</u>				
Cash	\$ 394,597	\$ 155,624	\$ 16,242	\$ 566,463
Investments	1,448,694	2,232,163	169,591	3,850,448
Receivables, net	1,085,128	153,355	58,700	1,297,183
Due from Other Funds	22,552	13,321	58,450	94,323
Inventories	144,894	49,104		193,998
Deferred Debits	4,391	10,149		14,540
Prepaid Expenses	7,872	11,532		19,404
Total Current Assets	<u>3,108,128</u>	<u>2,625,248</u>	<u>302,983</u>	<u>6,036,359</u>
<u>Noncurrent Assets:</u>				
Restricted Assets		220,508		220,508
Due From Home Owner For Conservation Loans	120,757			120,757
Capital Assets:				
Land	106,483	39,345		145,828
Buildings	216,109	117,006	112,539	445,654
Improvements Other Than Building	9,814,050	7,304,994		17,119,044
Machinery & Equipment	734,010	523,316	520,933	1,778,259
Accumulated Depreciation	(5,354,927)	(4,079,788)	(521,540)	(9,956,255)
Construction Work In Progress	333,458	357,378		690,836
Total Noncurrent Assets	<u>5,969,940</u>	<u>4,482,759</u>	<u>111,932</u>	<u>10,564,631</u>
Total Assets	<u>\$ 9,078,068</u>	<u>\$ 7,108,007</u>	<u>\$ 414,915</u>	<u>\$ 16,600,990</u>

CITY OF AMORY, MISSISSIPPI
STATEMENT OF NET ASSETS -
PROPRIETARY FUND TYPES
September 30, 2003

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTAL
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 771,952	\$ 12,109	\$ 27,364	\$ 811,425
Due to Other Funds	187,215	29,976		217,191
Current Portion of Long-Term Debt		68,849	29,617	98,466
Deferred Credits	(5,619)			(5,619)
Customer Deposits	307,402	4,099		311,501
Total Current Liabilities	1,260,950	115,033	56,981	1,432,964
<u>Long-Term Liabilities:</u>				
Bonds, Notes, and Loans Payable, net	122,894	215,020	61,903	399,817
Compensated Absences	22,954	12,020	2,049	37,023
Total Long-Term Liabilities	145,848	227,040	63,952	436,840
Total Liabilities	1,406,798	342,073	120,933	1,869,804
<u>Net Assets</u>				
Invested in Capital Assets, Net of				
Related Debt	5,849,183	3,978,369	20,411	9,847,963
Unrestricted	1,822,087	2,787,565	273,571	4,883,223
Total Net Assets	\$ 7,671,270	\$ 6,765,934	\$ 293,982	\$ 14,731,186

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS-
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR ENTERPRISE FUNDS	TOTALS
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 8,389,716	\$ 1,063,125	\$ 714,705	\$ 10,167,546
Property Taxes			720	720
Total Operating Revenue	<u>8,389,716</u>	<u>1,063,125</u>	<u>715,425</u>	<u>10,168,266</u>
<u>OPERATING EXPENSES:</u>				
Operations	7,389,448	734,766	598,407	8,722,621
Maintenance	186,659	233,882	14,444	434,985
Depreciation	357,484	187,807	25,536	570,827
Taxes	<u>443,811</u>	<u>24,785</u>		<u>468,596</u>
Total Operating Expenses	<u>8,377,402</u>	<u>1,181,240</u>	<u>638,387</u>	<u>10,197,029</u>
Net Operating Income (Loss)	<u>12,314</u>	<u>(118,115)</u>	<u>77,038</u>	<u>(28,763)</u>
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	29,349	41,944	1,532	72,825
Miscellaneous Expense		(16,107)		(16,107)
Interest Expense		<u>(6,317)</u>	<u>(216)</u>	<u>(6,533)</u>
Net Non-Operating Income	<u>29,349</u>	<u>19,520</u>	<u>1,316</u>	<u>50,185</u>
Change in Net Assets	<u>41,663</u>	<u>(98,595)</u>	<u>78,354</u>	<u>21,422</u>
Total Beginning Net Assets, As Previously Stated	7,629,607	6,864,529	233,745	14,727,881
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>(18,117)</u>	<u>(18,117)</u>
Total Beginning Net Assets, Restated	<u>7,629,607</u>	<u>6,864,529</u>	<u>215,628</u>	<u>14,709,764</u>
Total Net Assets--Ending	<u>\$ 7,671,270</u>	<u>\$ 6,765,934</u>	<u>\$ 293,982</u>	<u>\$ 14,731,186</u>

See accompanying notes to financial statements.

CITY OF AMORY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	SOLID WASTE MANAGEMENT FUNDS	TOTALS
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 8,484,295	\$ 1,047,678	\$ 681,823	\$ 10,213,796
Payments to Suppliers	(6,612,927)	(632,481)	(262,136)	(7,507,544)
Payments to Employees	(884,015)	(283,564)	(349,929)	(1,517,508)
Other Receipts (Payments)	(443,811)	(90,902)	1,951	(532,762)
Net Cash Provided (Used) by Operating Activities	<u>543,542</u>	<u>40,731</u>	<u>71,709</u>	<u>655,982</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In (Out)			(9,509)	(9,509)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>(9,509)</u>	<u>(9,509)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds From Capital Debt			91,520	91,520
Purchases of Capital Assets	(540,991)	(432,920)	(91,970)	(1,065,881)
Principal Paid on Capital Debt		(67,440)		(67,440)
Interest Paid on Capital Debt		(7,263)		(7,263)
Other Receipts (Payments)	(1,386)			(1,386)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(542,377)</u>	<u>(507,623)</u>	<u>(450)</u>	<u>(1,050,450)</u>
Cash Flows from Investing Activities:				
Interest and Dividends	<u>29,264</u>	<u>46,490</u>	<u>1,532</u>	<u>77,286</u>
Net Cash Provided By (Used In) Investing Activities	<u>29,264</u>	<u>46,490</u>	<u>1,532</u>	<u>77,286</u>
Net Increase (Decrease) In Cash and Cash Equivalents	30,429	(420,402)	63,282	(326,691)
Cash and Cash Equivalents--Beginning	<u>1,812,862</u>	<u>3,028,697</u>	<u>122,551</u>	<u>4,964,110</u>
Cash and Cash Equivalents--Ending	<u>\$ 1,843,291</u>	<u>\$ 2,608,295</u>	<u>\$ 185,833</u>	<u>\$ 4,637,419</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 12,314	\$ (124,432)	\$ 77,038	\$ (35,080)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	401,094	187,807	25,536	614,437
(Increase) Decrease in Accounts Receivable	79,866	(25,530)	(31,650)	22,686
(Increase) Decrease in Deferred Credits	(11,502)			(11,502)
(Increase) Decrease in Prepaid Items	3,835	(25)		3,810
(Increase) Decrease in Inventory	(18,494)	(980)		(19,474)
(Increase) Decrease in Accounts Payable	48,497	2,014	1,092	51,603
(Increase) Decrease in Accrued Liabilities	13,219	2,027	(307)	14,939
(Increase) Decrease in Customer Deposits	14,713	(150)		14,563
(Increase) Decrease in Deferred Revenue				
Total Adjustments	<u>531,228</u>	<u>165,163</u>	<u>(5,329)</u>	<u>691,062</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 543,542</u>	<u>\$ 40,731</u>	<u>\$ 71,709</u>	<u>\$ 655,982</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES

The City of Amory, Mississippi operates under a Mayor - Alderman form of government and provides the following services: public safety (police & fire), public works (street, waste collection) recreation, building and ground improvements, utilities (electricity, water & sewer), community services, urban redevelopment and housing, public improvements and general administrative services.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Nonmajor funds, where applicable, are aggregated and presented in a single column. Fiduciary funds are reported by type.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

Debt Service Fund – The Debt Service Fund was established to receive and account for resources restricted for the payment of interest and principal on general improvement and school bonds, and notes and capital leases. This is a nonmajor governmental fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources such as proceeds from the sale of bonds, bond anticipation notes, capital notes, transfers from governmental funds, and federal and state grants, all provided for the specific purpose of constructing, reconstructing or acquiring permanent or semi-permanent capital improvements. Capital improvements intended for Enterprise Fund use are not included in the Capital Projects Funds. This is a nonmajor governmental fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a nonmajor governmental fund.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

The City reports the following major proprietary funds:

The Electric Fund – This fund is used to account for the City's electric distribution system. This fund is responsible for electric power delivery to the residents of the City of Amory.

The Water Fund – This fund is used to account for the City's water treatment and distribution system. This fund is responsible for water delivery to the residents of the City of Amory.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Included within the reporting entity:

City of Amory electric, water and sewer system, and solid waste management fund. The rates for user charges and bond issuance authorizations also are approved by the governments governing body and the legal liability for the general obligation portion of the electric, water and sewer debt remains with the government.

Change in Method of Accounting

In 2003, the City implemented GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—of State and Local Governments," which requires a change in format of the financial statements. The new governmental reporting model has the following sections: Management's Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements. Under the new reporting model, the infrastructure has been added to the capital assets and appropriately depreciated.

Due to the implementation of GASB Statement No. 34, the prior year retained earnings and contributed capital for the enterprise funds were restated to reflect the net assets.

Budgets and Budgetary Accounting

The Mayor and Board of Aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor and Board of Aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a municipal newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the General Debt Service and Proprietary Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Budgetary data for the Capital Projects Fund has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

General Obligation Enterprise Bonds

The Enterprise Funds provide the annual debt service requirements on certain general obligation enterprise bonds (not secured by system revenues) issued to finance system improvements. Since the Enterprise Funds provide the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the Enterprise Funds and have been reported on the balance sheets of the Enterprise Funds.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

Although the general obligation enterprise bonds are reported on the balance sheets of the Enterprise Funds, they are backed by the full faith and credit of the City and are therefore a contingent liability to the general government.

Encumbrances

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance, the City does not employ an encumbrance system.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less when required are considered to be cash equivalents.

Business Information

The City of Amory, Mississippi provides electric, water and sewer and solid waste collection services to customers located within the city limits of Amory, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

Inventories

Inventories for proprietary fund types are valued at cost. The City does not maintain inventory records for any other fund types.

Prepaid Items

Prepaid items, such as prepaid insurance, are not reported for governmental fund types. This is permitted by generally accepted accounting principles.

Compensated Absences

The City's policy allows employees to accumulate unused vacation leave up to 15 days. Upon termination, any accumulated vacation will be paid to the employee. Sick leave will be paid only upon illness while an employee of the City.

Cash and Investments

The City deposits funds in the financial institutions selected by the Board of Alderman in accordance with state statutes.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT POLICIES (continued)

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments - State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county, municipality or school district of this state, when such county, municipal or school district bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of funds. For reporting purposes, certificates of deposit are classified as investments. Investments are valued at cost or amortized cost except for investments in the Deferred Compensation Fund that are reported at market value.

Fund Reserves

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of all reserves used by the City:

- (1) Reserved for Debt Service - An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.
- (2) Reserved for Capital Improvements - An account used to segregate a portion of fund balance for capital improvement resources restricted for the use to pay for capital improvements that the City has ongoing construction contracts.

NOTE 2 - PROPERTY TAXES

Property taxes, except motor vehicles, attach as an enforceable lien on property as of January 1st. The City bills and collects its own property taxes, except motor vehicle taxes, and also collects taxes for the Separate School District. Motor vehicle taxes are collected by the County Tax Collector and remitted to the City. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 2 - PROPERTY TAXES (continued)

The millage was allocated as follows:

	<u>2003</u>		<u>2002</u>	
	<u>City</u>	<u>School District</u>	<u>City</u>	<u>School District</u>
General Fund	24.23	0.00	24.04	0.00
Library Fund	3.00	0.00	3.00	0.00
G.O. Debt Service, Series 1996	8.54	0.00	9.62	0.00
School Debt Service Fund				
March 1987 Issue	0.00	0.00	1.76	1.76
School Debt Service Fund				
September 1994 Issue	8.76	8.76	7.65	7.65
School Maintenance Fund	31.04	31.04	26.01	26.01
Minimum Education Fund	0.00	0.00	1.25	1.25
Solid Waste Management Fund	<u>0.00</u>	<u>0.00</u>	<u>2.24</u>	<u>0.00</u>
Total	<u>75.57</u>	<u>39.80</u>	<u>75.57</u>	<u>36.67</u>

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES

A summary of proprietary fund types property, plant and equipment follows:

	<u>Enterprise</u>	
	<u>2003</u>	<u>2002</u>
Electric Fund	\$ 11,204,110	\$ 10,740,886
Solid Waste Management Fund	633,472	559,619
Combined Water & Sewer Fund	<u>8,342,039</u>	<u>7,884,479</u>
Total	20,179,621	19,184,984
Less: Accumulated Depreciation	<u>9,956,255</u>	<u>9,395,901</u>
Net	<u>\$ 10,223,366</u>	<u>\$ 9,789,083</u>

The Solid Waste Management Fund was established on October 1, 1992. As required by the State Department of Audit, costs listed above are from historical records of buildings and equipment acquired by the City of Amory, Mississippi.

For the Enterprise Funds, the accumulated provision for depreciation is charged with retirements together with removal cost less salvage. Generally, because of the composite character of the provision no other adjustments of accumulated depreciation are made in recording retirements.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND TYPES (continued)

The Water and Sewer Fund and Solid Waste Management Fund equipment is carried at cost, less depreciation, except for the water plant existing on October 1, 1958.

The Electric Fund was established on September 3, 1934, at an appraised value of \$17,423. Additions subsequent to that time have been at cost.

The valuation of the water plant in service at October 1, 1958, was based on actual cost for all possible items. In those cases where actual cost could not be determined, the calculation of plant items was based on engineering estimates and/or consultant's appraisals. It is noted that this is a variation from the generally accepted accounting principals that require assets be recorded at cost. Asset values were adjusted to reflect estimated net book value as of October 1, 1958. However, all plant additions in later periods were recorded at cost and depreciation of the water plant was recognized in the statement.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description - The City of Amory contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444 PERS.

Funding Policy - PERS members are required to contribute 7.25% of their annual covered salary and the City of Amory, Mississippi is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Amory, Mississippi's contributions to PERS for the years ending September 30, 2003, 2002 and 2001 were \$303,050, \$296,400 and \$306,465, respectively, equal to the required contributions for each year.

NOTE 5 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the city if disposed of unfavorably.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 6 - FIXED ASSETS

The following is a summary of capital asset activity as of September 30, 2003:

Primary Government:

	<u>Balance</u> <u>10-01-02</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9-30-03</u>
Capital Assets, not being depreciated:				
Land	\$ 763,361	\$ 3,000	\$ 0	\$ 766,361
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, not being Depreciated:	763,361	3,000	0	766,361
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	3,193,240	1,049,900	0	4,243,140
Infrastructure	10,216,562	0	0	10,216,562
Machinery and Equipment	<u>2,293,530</u>	<u>355,951</u>	<u>0</u>	<u>2,649,481</u>
Total Capital Assets being depreciated	15,703,332	1,405,851	0	17,109,183
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(1,957,523)	(93,857)	0	(2,051,380)
Machinery and Equipment	(1,503,284)	(113,196)	0	(1,616,480)
Infrastructure	<u>(3,834,908)</u>	<u>(335,906)</u>	<u>0</u>	<u>(4,170,814)</u>
Total Accumulated Depreciation	(7,295,715)	(542,959)	0	(7,838,674)
Total Capital Assets, depreciated, net Governmental Activities	<u>8,407,617</u>	<u>862,892</u>	<u>0</u>	<u>9,270,509</u>
Capital Assets, net	<u>\$ 9,170,978</u>	<u>\$ 865,892</u>	<u>\$ 0</u>	<u>\$ 10,036,870</u>

The City adopted a capitalization threshold of \$500 for general fixed assets and a threshold of \$5,000 for infrastructure assets effective for the current fiscal year. The City has retroactively applied these thresholds to all general fixed assets in service at September 30, 2003; therefore, the beginning balances for Plant, Buildings, & Improvements and Machinery & Equipment have been adjusted by \$6,149,701 and \$851,609, respectively. The City also retroactively capitalized infrastructure assets in service at September 30, 2003 resulting in beginning balance adjustment of \$10,216,562. The beginning accumulated depreciation balances have been adjusted to reflect the City's new capitalization policy.

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 6 - FIXED ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2003 follows:

	Balance <u>10-01-02</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>9-30-03</u>
Capital Assets, not being depreciated:				
Land	\$ 145,828	\$ 0	\$ 0	\$ 145,828
Construction in Progress	<u>521,458</u>	<u>169,378</u>	<u>0</u>	<u>690,836</u>
Total Capital Assets, not being Depreciated:	667,286	169,378	0	836,664
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	17,138,493	484,632	58,427	17,564,698
Machinery and Equipment	<u>1,642,042</u>	<u>143,787</u>	<u>7,570</u>	<u>1,778,259</u>
Total Capital Assets being depreciated	18,780,535	628,419	65,997	19,342,957
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(6,854,967)	(373,001)	0	(7,227,968)
Machinery and Equipment	<u>(2,540,934)</u>	<u>(191,138)</u>	<u>3,785</u>	<u>(2,728,287)</u>
Total Accumulated Depreciation	<u>(9,395,901)</u>	<u>(654,139)</u>	<u>3,785</u>	<u>(9,956,255)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>9,384,634</u>	<u>64,278</u>	<u>62,212</u>	<u>9,386,702</u>
Capital Assets, net	<u>\$ 10,051,920</u>	<u>\$ 233,658</u>	<u>\$ 62,212</u>	<u>\$ 10,223,366</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 82,001
Public Safety	101,605
Public Works	345,209
Culture & Recreation	<u>14,144</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 542,959</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 6 - FIXED ASSETS (continued)

Business-type Activities:	
Electric Department	\$ 357,484
Water and Sewer	187,807
Solid Waste	<u>25,536</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 570,827</u>

NOTE 7 - LONG-TERM DEBT

General obligation bonds include G. O. Port Bonds and Water and Sewer G. O. Bonds. Resolutions adopted by the City authorizing the issuance of Water and Sewer Department bonds set forth certain accounting requirements concerning revenues. We reviewed the City's records and found that these requirements have been met. The City is required to transfer revenues into restricted funds on a monthly basis until certain maximum fund balances have been achieved. All restricted funds had either attained their maximum balances or required transfers were being made.

The annual requirements to amortize all general obligation bonds and notes outstanding as of September 30, 2003 are as follows:

Fiscal Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2004	\$ 409,189	\$ 108,256	\$ 98,466	\$ 7,489	\$ 623,400
2005	418,199	97,457	100,748	5,208	622,412
2006	429,007	86,601	103,051	2,872	621,531
2007	444,216	75,392	73,124	918	593,650
2008	459,636	62,196	0	0	521,832
2009-2013	911,359	110,933	0	0	1,022,292
2014-2018	<u>596,956</u>	<u>31,063</u>	<u>0</u>	<u>0</u>	<u>628,019</u>
Total	<u>\$ 3,669,362</u>	<u>\$ 571,898</u>	<u>\$ 375,389</u>	<u>\$ 16,487</u>	<u>\$ 4,633,136</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 7 - LONG-TERM DEBT (continued)

A summary of general long-term debt is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>10/01/02</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/03</u>
G.O. City Street Improvement Bonds Series 1996-\$3,000,000 original issue with interest rates of 4.375% to 6.25%, maturing on December 1, 2008.	\$ 1,970,000	\$ 0	\$ 1,970,000	\$ 0
G.O. City Street Improvement Refunding Bonds Series 2003-\$1,815,000 original issue with interest rates of 2.00% to 3.00%, maturing on December 1, 2008.	0	1,815,000	0	1,815,000
State of Mississippi-CAP Loan \$525,000 with interest at 4.0% maturing on January 1, 2012.	359,654	0	32,915	326,739
State of Mississippi-CAP Loan \$500,000 with interest at 3.0% maturing on August 1, 2017	500,000	0	26,801	473,199
State of Mississippi-CAP Loan \$500,000 with interest at 3.0% maturing on June 1, 2018.	0	500,000	11,070	488,930
Promissory Note - \$650,000 with interest at 6.65% maturing on August 1, 2015.	<u>595,524</u>	<u>0</u>	<u>30,030</u>	<u>565,494</u>
	<u>\$ 3,425,178</u>	<u>\$ 2,315,000</u>	<u>\$ 2,070,816</u>	<u>\$ 3,669,362</u>
<u>Business-Type Activities</u>	<u>Balance</u> <u>10/01/02</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/03</u>
Note Payable-\$91,520 with interest at 2.95%, maturing on September 4, 2006.	\$ 0	\$ 91,520	\$ 0	\$ 91,520
Note Payable-\$351,310 with interest at 2.0%, maturing on August 15, 2007.	<u>351,310</u>	<u>0</u>	<u>67,441</u>	<u>283,869</u>
	<u>\$ 351,310</u>	<u>\$ 91,520</u>	<u>\$ 67,441</u>	<u>\$ 375,389</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 8 - DUE FROM/TO INTERFUND BALANCES

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 48,173	\$ 13,321
Enterprise Funds:		
Solid Waste Management Fund	58,450	0
Water and Sewer Fund	13,321	29,976
Electric Department	<u>22,552</u>	<u>187,215</u>
Total	<u>\$ 142,496</u>	<u>\$ 230,512</u>

Due from Other Funds and Due to Other Funds do not equal because the statements included herein for the Electric Fund are for the fiscal year ended June 30, 2003. The following is a reconciliation of the difference:

Due to General Fund on June 30, 2003 per Electric Fund	\$ 40,749	
Due to Water and Sewer Fund on June 30, 2003 per Electric Fund	90,500	
Due to Solid Waste Management Fund on June 30, 2003 per Electric Fund	<u>55,966</u>	
		\$ 187,215
Due from Electric Fund on September 30, 2003 per General Fund	40,749	
Due from Electric Fund on September 30, 2003 per Solid Waste Management Fund	58,450	
Due from Electric Fund on September 30, 2003 per Water and Sewer Fund	<u>0</u>	<u>99,199</u>
		<u>\$ 88,016</u>

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 9 - ECONOMIC DEPENDENCY

Sales to one major customer during the Electric Fund's year ended June 30, 2003 totaled approximately \$1,670,127. This represented approximately 16% of the Enterprise Fund's total revenues.

NOTE 10 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditures over appropriations at the legal level of budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the respective fund.

Expenditures over appropriations at the legal level of budgetary control are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund:			
Executive			
Supplies	\$ 1,825	\$ 1,855	\$ 30
Legal			
Other Services and Charges	8,455	10,591	2,136
Narcotics Division of Police Department			
Personal Services	17,526	18,865	1,339
Library			
Supplies	5,600	6,175	575
Museum Department			
Personal Services	43,958	44,511	553

CITY OF AMORY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2003

NOTE 11 – REFUNDING BONDS

The City refunded a bond issue during the current fiscal year. On May 29, 2003, the City issued \$1,815,000 of General Obligation Refunding Bonds, Series 2003 with interest rates ranging between 2.00% and 3.00%. The City issued the bonds to refund \$1,730,000 of the outstanding \$3,000,000 G.O. City Street Improvement Bonds, Series 1996. As a result, the bonds are considered defeased, and the City has removed the liability from its accounts.

The refunding decreased total debt service payments over the next 6 years by approximately \$68,200. This results in an economic gain, difference between the present values of the debt service payments on the old and new debt.

NOTE 12 - RISK MANAGEMENT

The City of Amory is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employers liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2003, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

CITY OF AMORY, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2003

	TOTALS	TOTALS
	2003	2002
<u>ASSETS:</u>		
Cash	\$ 211,188	\$ 158,448
Investments	2,477,066	2,240,431
Accrued Interest Receivable	3,077	7,833
Lease Payments Receivable	1,636,019	427,137
Due From Other Governments	156,084	758,862
Due From Other Funds	48,173	50,209
Other Receivables	8,307	48,625
Total Assets	\$ <u>4,539,914</u>	\$ <u>3,691,545</u>
<u>LIABILITIES:</u>		
Accounts Payable	\$ 89,172	\$ 130,895
Accrued Compensated Absences	34,493	36,109
Due to Other Funds	13,321	6,307
Due to Other Industries	3,453	709,921
Deferred Revenues - Lease Payments	1,634,665	427,137
Total Liabilities	<u>1,775,104</u>	<u>1,310,369</u>
<u>FUND BALANCE:</u>		
Unreserved	<u>2,764,810</u>	<u>2,381,176</u>
Total Fund Balance	<u>2,764,810</u>	<u>2,381,176</u>
Total Liabilities and Fund Balance	\$ <u>4,539,914</u>	\$ <u>3,691,545</u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	TOTALS	TOTALS
	2003	2002
REVENUES:		
Ad Valorem Taxes:		
Real & Personal	\$ 1,075,907	\$ 970,286
Penalties and Interest	27,116	28,410
Licenses and Permits	29,292	30,120
State of Mississippi:		
Sales Tax	1,606,973	1,613,932
Municipal Aid	3,626	3,626
Gasoline Tax	9,860	9,927
Homestead Reimbursement	57,411	50,736
In Lieu - TVA	94,413	68,219
Monroe County:		
Pro Rata Tax	263,512	237,264
Vehicle Rental & Rail Car	13,145	13,747
In Lieu - Other:		
Utility Department	400,099	400,099
Housing Authority	12,690	13,663
Federal Grants	0	0
TVA & State - Waterway Road Project	484,667	100,000
Recreation Fee	12,940	11,445
Fines and Forfeitures	155,665	158,538
Rentals	40,613	45,314
Interest	74,332	64,398
Library Income	6,016	4,839
Franchise Fee	47,217	31,668
Sale of Land & Equipment	1,045	916
Sundry	60,259	13,597
Total Revenues	\$ 4,476,798	\$ 3,870,744
EXPENDITURES:		
General Government:		
Legislative:		
Personal Services	\$ 39,767	\$ 37,836
Supplies	0	68
Other Services and Charges	531	
Total	40,298	37,904

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	TOTALS	TOTALS
	2003	2002
Judicial:		
Personal Services	\$ 14,558	\$ 13,047
Supplies	5,453	85
Other Services and Charges	17,095	16,586
Capital Outlay	14,466	5,871
Total	51,572	35,589
Executive:		
Personal Services	64,157	62,212
Supplies	1,855	1,076
Other Services and Charges	4,145	2,282
Capital Outlay	833	0
Total	70,990	65,570
Planning/Zoning:		
Personal Services	75,017	72,789
Supplies	1,037	773
Other Services and Charges	3,180	2,914
Capital Outlay	1,593	
Total	80,827	76,476
Elections:		
Personal Services	0	0
Supplies	0	0
Other Services and Charges	0	0
Total	0	0
Finance:		
Personal Services	85,268	76,525
Supplies	3,802	1,998
Other Services and Charges	22,172	16,850
Capital Outlay	7,579	0
Total	118,821	95,373
Data Processing:		
Supplies	0	0
Other Services and Charges	0	0
Capital Outlay	0	0
Total	0	0

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	TOTALS	TOTALS
	2003	2002
Tax Administration:		
Personal Services	\$ 0	\$ 0
Supplies	2,343	347
Other Services and Charges	9,984	7,301
Total	12,327	7,648
Legal:		
Personal Services	9,704	9,108
Other Services and Charges	10,591	16,508
Total	20,295	25,616
General Government Administration:		
Supplies	3,837	3,780
Other Services and Charges	126,138	204,218
Capital Outlay	6,587	6,853
Debt Service	3,270	0
Total	139,832	214,851
Other General Government Bldg. & Plant:		
Personal Services	45,186	44,902
Supplies	28,146	27,897
Other Services and Charges	67,318	53,953
Capital Outlay	10,438	0
Total	151,088	126,752
Total General Government	686,050	685,779
Public Safety:		
Police Department:		
Personal Services	850,289	836,917
Supplies	91,986	73,013
Other Services and Charges	77,948	47,509
Capital Outlay	47,319	4,183
Total	1,067,542	961,622

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	TOTALS	TOTALS
	2003	2002
Narcotics Division of Police Department:		
Personal Services	\$ 18,865	\$ 12,083
Supplies	791	3,235
Other Services and Charges	167	431
Total	19,823	15,749
Fire Department:		
Personal Services	556,446	537,300
Supplies	13,166	14,146
Other Services and Charges	18,339	17,607
Total	587,951	569,053
Other Protection Department:		
Other Services and Charges	8,000	5,600
Total	8,000	5,600
Total Public Safety	1,683,316	1,552,024
Public Works:		
Street Department:		
Personal Services	189,215	177,272
Supplies	72,957	67,711
Other Services and Charges	146,568	159,455
Capital Outlay	460,270	102,500
Total	869,010	506,938
City Garage Department		
Personal Services	27,416	27,098
Supplies	4,625	5,400
Other Services and Charges	2,285	1,831
Capital Outlay	945	0
Total	35,271	34,329

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	TOTALS	TOTALS
	2003	2002
Animal Control:		
Other Services and Charges	\$ 36,400	\$ 36,400
Total	36,400	36,400
Total Public Works	940,681	577,667
Culture & Recreation:		
Welfare Department (Senior Citizens Program):		
Supplies	663	695
Total	663	695
Parks and Recreation:		
Personal Services	154,042	160,778
Supplies	34,588	27,481
Other Services and Charges	64,850	56,438
Capital Outlay	87,203	0
Total	340,683	244,697
Library		
Personal Services	113,579	119,597
Supplies	6,175	2,144
Other Services and Charges	32,875	20,841
Capital Outlay	0	0
Total	152,629	142,582
Museum Department:		
Personal Services	44,511	37,703
Supplies	4,303	1,425
Other Services and Charges	18,823	16,108
Capital Outlay	0	1,394
Total	67,637	56,630
Total Culture and Recreation	561,612	444,604
Urban & Economic Development:		
Economic Development:		
Other Services and Charges	24,489	7,373
Total	24,489	7,373

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
Year Ended September 30, 2003

	<u>TOTALS</u>	<u>TOTALS</u>
	2003	2002
TVA Lieu:		
Capital Outlay	\$ <u>88,746</u>	\$ <u>709,921</u>
Total	<u>88,746</u>	<u>709,921</u>
Total Urban & Economic Development	<u>113,235</u>	<u>717,294</u>
Total Expenditures	<u>3,984,894</u>	<u>3,977,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>491,904</u>	<u>(106,624)</u>
Other Financing Sources (Uses):		
Proceeds from CAP Loan	0	500,000
Transfers (to) from Other Funds	(179,056)	(121,660)
Lease Payments	<u>70,786</u>	<u>33,668</u>
Total Other Financing Sources (Uses)	<u>(108,270)</u>	<u>412,008</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	383,634	305,384
Fund Balance:		
October 1,	<u>2,381,176</u>	<u>2,075,792</u>
September 30,	\$ <u><u>2,764,810</u></u>	\$ <u><u>2,381,176</u></u>

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS:			
Ad Valorem Taxes:			
Real & Personal	\$ 1,050,623	\$ 1,071,730	\$ 21,107
Penalties and Interest	20,000	27,116	7,116
Licenses and Permits	24,524	29,292	4,768
State of Mississippi:			
Sales Tax	1,570,000	1,614,298	44,298
Municipal Aid	3,625	3,626	1
Gasoline Tax	9,860	9,860	0
Homestead Reimbursement	49,921	57,411	7,490
In Lieu - TVA	94,413	94,413	0
Monroe County:			
Pro Rate Tax	260,000	263,512	3,512
Vehicle Rental & Rail Car	13,106	13,145	39
In Lieu - Other:			
Utility Department	400,099	400,099	0
Housing Authority	12,564	12,690	126
TVA & State - Waterway Road Project	562,073	484,667	(77,406)
Recreation Fee	12,000	12,940	940
Fines and Forfeitures	157,000	155,665	(1,335)
Rentals	39,551	40,613	1,062
Interest	68,197	113,602	45,405
Library Income	5,211	6,016	805
Franchise Fee	41,077	47,582	6,505
Sale of Surplus Equipment	1,045	1,045	0
Sundry	9,212	62,001	52,789
Total Receipts	\$ 4,404,101	\$ 4,521,323	\$ 117,222

EXPENDITURES:

General Government:

Legislative:

Personal Services	\$ 39,939	\$ 39,767	\$ 172
Supplies	0	0	0
Other Services and Charges	715	531	184
Total	40,654	40,298	356

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Judicial:			
Personal Services	\$ 14,560	\$ 14,558	\$ 2
Supplies	5,525	5,453	72
Other Services and Charges	18,775	17,095	1,680
Capital Outlay	14,470	14,466	4
Total	53,330	51,572	1,758
Executive:			
Personal Services	64,867	64,157	710
Supplies	1,825	1,855	(30)
Other Services and Charges	4,927	4,145	782
Capital Outlay	835	833	2
Total	72,454	70,990	1,464
Planning/Zoning:			
Personal Services	77,401	75,017	2,384
Supplies	1,320	1,037	283
Other Services and Charges	4,007	3,180	827
Capital Outlay	1,600	1,593	7
Total	84,328	80,827	3,501
Elections:			
Personal Services	0	0	0
Supplies	0	0	0
Other Services and Charges	0	0	0
Total	0	0	0
Finance:			
Personal Services	85,831	85,268	563
Supplies	4,225	3,802	423
Other Services and Charges	24,135	22,172	1,963
Capital Outlay	7,600	7,579	21
Total	121,791	118,821	2,970
Data Processing:			
Supplies	0	0	0
Other Services and Charges	0	0	0
Capital Outlay	0	0	0
Total	0	0	0

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Tax Administration:			
Supplies	\$ 4,000	\$ 2,343	\$ 1,657
Other Services and Charges	11,475	9,984	1,491
Total	15,475	12,327	3,148
Legal:			
Personal Services	9,769	9,704	65
Supplies	0	0	0
Other Services and Charges	8,455	10,591	(2,136)
Total	18,224	20,295	(2,071)
General Government Administration:			
Supplies	4,050	3,837	213
Other Services and Charges	137,257	126,138	11,119
Capital Outlay	6,869	6,587	282
Debt Service	3,270	3,270	0
Total	151,446	139,832	11,614
Other General Government Bldg. & Plant:			
Personal Services	45,799	45,186	613
Supplies	31,905	28,146	3,759
Other Services and Charges	74,687	67,318	7,369
Capital Outlay	16,545	10,438	6,107
Total	168,936	151,088	17,848
Total General Government	726,638	686,050	40,588
Public Safety:			
Police Department:			
Personal Services	882,559	850,289	32,270
Supplies	98,160	91,986	6,174
Other Services and Charges	82,531	77,948	4,583
Capital Outlay	50,366	47,319	3,047
Total	1,113,616	1,067,542	46,074
Narcotics Division of Police Department:			
Personal Services	17,526	18,865	(1,339)
Supplies	3,885	791	3,094
Other Services and Charges	700	167	533
Total	22,111	19,823	2,288

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department:			
Personal Services	\$ 567,661	\$ 556,446	\$ 11,215
Supplies	14,750	13,166	1,584
Other Services and Charges	23,392	18,339	5,053
Total	605,803	587,951	17,852
Other Protection Department:			
Other Services and Charges	8,000	8,000	0
Total	8,000	8,000	0
Total Public Safety	1,749,530	1,683,316	66,214
Public Works:			
Street Department:			
Personal Services	191,626	189,215	2,411
Supplies	88,010	72,957	15,053
Other Services and Charges	397,460	146,568	250,892
Capital Outlay	547,956	460,270	87,686
Total	1,225,052	869,010	356,042
City Garage Department			
Personal Services	29,860	27,416	2,444
Supplies	5,050	4,625	425
Other Services and Charges	2,651	2,285	366
Capital Outlay	950	945	5
Total	38,511	35,271	3,240
Animal Control:			
Other Services and Charges	36,400	36,400	0
Total	36,400	36,400	0
Total Public Works	1,299,963	940,681	359,282
Culture & Recreation:			
Welfare Department (Senior Citizens Program):			
Supplies	1,000	663	337
Total	1,000	663	337

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Parks and Recreation:			
Personal Services	\$ 156,943	\$ 154,042	\$ 2,901
Supplies	46,260	34,588	11,672
Other Services and Charges	72,341	64,850	7,491
Capital Outlay	87,204	87,203	1
Total	362,748	340,683	22,065
Library			
Personal Services	120,986	113,579	7,407
Supplies	5,600	6,175	(575)
Other Services and Charges	34,682	32,875	1,807
Capital Outlay	0	0	0
Total	161,268	152,629	8,639
Museum Department:			
Personal Services	43,958	44,511	(553)
Supplies	4,610	4,303	307
Other Services and Charges	22,263	18,823	3,440
Capital Outlay	0	0	0
Total	70,831	67,637	3,194
Total Culture & Recreation	595,847	561,612	34,235
Urban & Economic Development:			
Economic Development:			
Other Services and Charges	26,859	24,489	2,370
Total	26,859	24,489	2,370
TVA Lieu:			
Capital Outlay	88,746	88,746	0
Total	88,746	88,746	0
Total Urban & Economic Development	115,605	113,235	2,370
Total Expenditures	4,487,583	3,984,894	502,689

CITY OF AMORY, MISSISSIPPI
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
Year Ended September 30, 2003

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ <u>(83,482)</u>	\$ <u>536,429</u>	\$ <u>619,911</u>
Other Financing Sources (Uses):			
Proceeds from CAP Loan	0	0	0
Transfers (to) From Other Funds	(165,734)	(179,056)	(13,322)
Lease Payments	<u>88,199</u>	<u>70,786</u>	<u>(17,413)</u>
Total Other Financing Sources (Uses)	<u>(77,535)</u>	<u>(108,270)</u>	<u>(30,735)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(161,017)	428,159	589,176
Fund Balance:			
October 1,	<u>2,381,176</u>	<u>2,381,176</u>	<u>0</u>
(Non-GAAP Budgetary Basis) September 30,	\$ <u><u>2,220,160</u></u>	2,809,335	\$ <u><u>589,176</u></u>
Adjustments to GAAP Basis:			
Accrued Revenue		<u>(44,525)</u>	
Fund Balance (GAAP) September 30,		\$ <u><u>2,764,810</u></u>	

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	BICENTENNIAL FUND	FIRE PROTECTION FUND	UNEMPLOYMENT REVOLVING FUND	LOCAL LAW ENFORCEMENT FUND	FUTURE DEVELOPMENTS FUND	CDBG REPAYMENT FUND	K-9 FUND	TOTALS
								2002 2003
ASSETS:								
Cash	\$	\$	\$	\$	\$	\$	\$	\$
Investments	2,364	472,442	35,631		5,058	13,230	2,000	528,725
Accrued Interest		352	19		3	7		381
Notes Receivable						1,223		1,223
Total Assets	2,364	472,794	35,650	0	5,061	14,460	2,000	532,329
LIABILITIES:								
Accounts Payable		6,752					2,000	8,752
Total Liabilities	0	6,752	0	0	0	0	2,000	8,752
FUND BALANCE:								
Unreserved	2,364	466,042	35,650	0	5,061	14,460	0	523,577
Total Liabilities and Fund Balance	2,364	472,794	35,650	0	5,061	14,460	2,000	532,329

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUND
Year Ended September 30, 2003

	BICENTENNIAL FUND	FIRE PROTECTION FUND	UNEMPLOYMENT REVOLVING FUND	LOCAL LAW ENFORCEMENT FUND	FUTURE DEVELOPMENTS FUND	CDBG REPAYMENT FUND	K-9 FUND	TOTALS
<u>REVENUES:</u>								
Intergovernmental	\$	\$ 31,441	\$	10,950	\$	\$	\$	\$ 42,391
Interest		13,569	730	59	104	270	23	14,755
Other			500				3,829	4,329
								0
Total Revenues	0	45,010	1,230	11,009	104	270	3,852	61,475
<u>EXPENDITURES:</u>								
Supplies		11,388						11,388
Other Services and Charges		48						48
Capital Outlay		233,741		12,226			7,000	252,967
								16,031
Total Expenditures	0	245,177	0	12,226	0	0	7,000	264,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(200,167)	1,230	(1,217)	104	270	(3,148)	(202,928)
OTHER SOURCES (USES):								
Transfers from (to) Other Funds			(500)	1,217			3,148	3,865
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	0	(200,167)	730	0	104	270	0	(199,063)
Fund Balance - October 1,	2,364	666,209	34,920	0	4,957	14,190	0	722,640
Fund Balance - September 30,	\$ 2,364	\$ 466,042	\$ 35,650	\$ 0	\$ 5,061	\$ 14,460	\$ 0	\$ 523,577
								\$ 722,640

CITY OF AMORY, MISSISSIPPI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2003
With Comparative Actual Amounts for Year Ended September 30, 2002

	F.Y.E. 9/30/03			F.Y.E. 9/30/02
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Intergovernmental	\$ 42,390	\$ 42,391	\$ 1	\$ 46,291
Interest	14,471	15,344	873	50,560
Other	550	4,329	3,779	0
TOTAL REVENUES	57,411	62,064	4,653	96,851
EXPENDITURES:				
Supplies	13,750	11,388	2,362	11,038
Other Services and Charges	35	48	(13)	9,370
Capital Outlay	252,776	252,967	(191)	16,031
TOTAL EXPENDITURES	266,561	264,403	2,158	36,439
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(209,150)	(202,339)	6,811	60,412
OTHER FINANCING SOURCES (USES):				
Transfers to Other Funds	1,217	3,865	2,648	1,851
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(207,933)	(198,474)	9,459	62,263
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	722,640	722,640	0	694,293
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ 514,707	\$ 524,166	\$ 9,459	\$ 756,556
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		(589)		(33,916)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 523,577		\$ 722,640

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
September 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
ASSETS:				
<u>Current Assets:</u>				
Cash	\$ 16,242	\$ 394,597	\$ 155,624	\$ 566,463
Investments	169,591	1,448,694	2,232,163	3,850,448
Receivables, net	58,700	1,085,128	153,355	1,297,183
Due from Other Funds	58,450	22,552	13,321	94,323
Inventories		144,894	49,104	193,998
Deferred Debits		4,391	10,149	14,540
Prepaid Expenses		7,872	11,532	19,404
Total Current Assets	<u>302,983</u>	<u>3,108,128</u>	<u>2,625,248</u>	<u>6,036,359</u>
<u>Noncurrent Assets:</u>				
Restricted Assets			220,508	220,508
Due From Home Owner For Conservation Loans		120,757		- 120,757
Capital Assets:				-
Land		106,483	39,345	145,828
Buildings	112,539	216,109	117,006	445,654
Improvements Other Than Building		9,814,050	7,304,994	17,119,044
Machinery & Equipment	520,933	734,010	523,316	1,778,259
Accumulated Depreciation	(521,540)	(5,354,927)	(4,079,788)	(9,956,255)
Construction Work In Progress		333,458	357,378	690,836
Total Noncurrent Assets	<u>111,932</u>	<u>5,969,940</u>	<u>4,482,759</u>	<u>10,564,631</u>
Total Assets	\$ <u>414,915</u>	\$ <u>9,078,068</u>	\$ <u>7,108,007</u>	\$ <u>16,600,990</u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
September 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	TOTAL
<u>LIABILITIES</u>				
<u>Current Liabilities:</u>				
Accounts Payable and				
Accrued Expenses	\$ 27,364	\$ 771,952	\$ 12,109	811,425
Due to Other Funds		187,215	29,976	217,191
Bonds, Notes, and Loans Payable	29,617		68,849	98,466
Deferred Credits		(5,619)		(5,619)
Customer Deposits		307,402	4,099	311,501
Total Current Liabilities	56,981	1,260,950	115,033	1,432,964
<u>Long-Term Liabilities:</u>				
Bonds, Notes, and Loans Payable	61,903	122,894	215,020	399,817
Compensated Absences	2,049	22,954	12,020	37,023
Total Long-Term Liabilities	63,952	145,848	227,040	436,840
Total Liabilities	120,933	1,406,798	342,073	1,869,804
<u>Net Assets</u>				
Invested in Capital Assets, Net of				
Related Debt	20,411	5,849,183	3,978,369	9,847,963
Unrestricted	273,571	1,822,087	2,787,565	4,883,223
Total Net Assets	\$ 293,982	\$ 7,671,270	\$ 6,765,934	14,731,186

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	SOLID WASTE MANAGEMENT FUND	ELECTRIC FUND	WATER & SEWER FUND	TOTALS
<u>OPERATING REVENUE:</u>				
Charges For Services	\$ 714,705	\$ 8,389,716	\$ 1,063,125	\$ 10,167,546
Property Taxes	720			720
Total Operating Revenue	715,425	8,389,716	1,063,125	10,168,266
<u>OPERATING EXPENSES:</u>				
Operations	598,407	7,389,448	734,766	8,722,621
Maintenance	14,444	186,659	233,882	434,985
Depreciation	25,536	357,484	187,807	570,827
Taxes		443,811	24,785	468,596
Total Operating Expenses	638,387	8,377,402	1,181,240	10,197,029
Net Operating Income (Loss)	77,038	12,314	(118,115)	(28,763)
<u>NON-OPERATING INCOME (EXPENSES):</u>				
Interest Income	1,532	29,349	41,944	72,825
Miscellaneous Expense			(16,107)	(16,107)
Interest Expense	(216)		(6,317)	(6,533)
Net Non-Operating Income	1,316	29,349	19,520	50,185
Change in Net Assets	78,354	41,663	(98,595)	21,422
Total Beginning Net Assets, As Previously Stated	233,745	7,629,607	6,864,529	14,727,881
Prior Period Adjustment	(18,117)	0	0	(18,117)
Total Beginning Net Assets, Restated	215,628	7,629,607	6,864,529	14,709,764
Total Net Assets--Ending	\$ 293,982	\$ 7,671,270	\$ 6,765,934	\$ 14,731,186

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2003

	BUSINESS-TYPE ACTIVITIES-- PROPRIETARY FUND			
	ELECTRIC FUND	WATER & SEWER FUND	NON-MAJOR FUND	TOTALS
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 8,484,295	\$ 1,047,678	\$ 681,823	\$ 10,213,796
Payments to Suppliers	(6,612,927)	(632,481)	(262,136)	(7,507,544)
Payments to Employees	(884,015)	(283,564)	(349,929)	(1,517,508)
Other Receipts (Payments)	(443,811)	(90,902)	1,951	(532,762)
Net Cash Provided (Used) by Operating Activities	543,542	40,731	71,709	655,982
Cash Flows from Noncapital Financing Activities:				
Transfers Out			(9,509)	(9,509)
Transfers In				0
Net Cash Provided By (Used In) Noncapital Financing Activities	0	0	(9,509)	(9,509)
Cash Flows from Capital and Related Financing Activities:				
Proceeds From Capital Debt			91,520	91,520
Purchases of Capital Assets	(540,991)	(432,920)	(91,970)	(1,065,881)
Principal Paid on Capital Debt		(67,440)		(67,440)
Interest Paid on Capital Debt		(7,263)		(7,263)
Other Receipts (Payments)	(1,386)			(1,386)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(542,377)	(507,623)	(450)	(1,050,450)
Cash Flows from Investing Activities:				
Interest and Dividends	29,264	46,490	1,532	77,286
Net Cash Provided By (Used In) Investing Activities	29,264	46,490	1,532	77,286
Net Increase (Decrease) In Cash and Cash Equivalents	30,429	(420,402)	63,282	(326,691)
Cash and Cash Equivalents--Beginning	1,812,862	3,028,697	122,551	4,964,110
Cash and Cash Equivalents--Ending	\$ 1,843,291	\$ 2,608,295	\$ 185,833	\$ 4,637,419
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 12,314	\$ (124,432)	\$ 77,038	\$ (35,080)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	401,094	187,807	25,536	614,437
(Increase) Decrease in Accounts Receivable	79,866	(25,530)	(31,650)	22,686
(Increase) Decrease in Deferred Credits	(11,502)			(11,502)
(Increase) Decrease in Prepaid Items	3,835	(25)		3,810
(Increase) Decrease in Inventory	(18,494)	(980)		(19,474)
(Increase) Decrease in Accounts Payable	48,497	2,014	1,092	51,603
(Increase) Decrease in Accrued Liabilities	13,219	2,027	(307)	14,939
(Increase) Decrease in Customer Deposits	14,713	(150)		14,563
(Increase) Decrease in Deferred Revenue				
Total Adjustments	531,228	165,163	(5,329)	691,062
Net Cash Provided (Used) by Operating Activities	\$ 543,542	\$ 40,731	\$ 71,709	\$ 655,982

CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
Year Ended September 30, 2003

		TOTALS	
		2003	2002
<u>ASSETS:</u>			
Cash	\$	15,185	\$ 16,747
Interest Receivable		283	598
Due from Other Governments		5,700	5,285
Investments		<u>432,905</u>	<u>357,782</u>
Total Assets	\$	<u><u>454,073</u></u>	\$ <u><u>380,412</u></u>
<u>FUND BALANCE:</u>			
Reserved For Debt Service	\$	<u>454,073</u>	\$ <u>380,412</u>
Total Fund Balance	\$	<u><u>454,073</u></u>	\$ <u><u>380,412</u></u>

CITY OF AMORY, MISSISSIPPI
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
Year Ended September 30, 2003

	PUBLIC IMPROVEMENTS	TOTALS	
		2003	2002
<u>REVENUE:</u>			
Taxes	\$ 337,842	\$ 337,842	\$ 343,682
Homestead Reimbursement	18,001	18,001	18,709
Interest	4,461	4,461	5,786
Total Revenue	360,304	360,304	368,177
<u>EXPENDITURES:</u>			
Bond Retired	1,970,000	1,970,000	230,000
Interest Paid	86,110	86,110	96,391
Fiscal Agent Fee	1,740	1,740	1,844
Bond Issue Costs	43,793	43,793	0
Notes Retired	100,816	100,816	61,797
Interest Paid	71,875	71,875	58,013
Total Expenditures	2,274,334	2,274,334	448,045
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,914,030)	(1,914,030)	(79,868)
<u>OTHER FINANCING SOURCES(USES):</u>			
Proceeds from Issuance of Bonds	1,815,000	1,815,000	0
Transfers from Other Funds	172,691	172,691	119,809
Total Other Financing Sources(Uses)	1,987,691	1,987,691	119,809
Excess (Deficiency) of Revenue Over (Under) Expenditures and Other Sources	73,661	73,661	39,941
Fund Balance - October 1,	380,412	380,412	340,471
Fund Balance - September 30,	\$ 454,073	\$ 454,073	\$ 380,412

CITY OF AMORY, MISSISSIPPI
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2003
With Comparative Actual Amounts for Year Ended September 30, 2002

	F.Y.E. 9/30/03			F.Y.E.
	Budget	Actual	Variance Favorable (Unfavorable)	9/30/02 Actual
REVENUES:				
Taxes	322,302	337,842	15,540	343,682
Homestead Reimbursement	16,725	18,001	1,276	18,709
Interest	4,222	4,776	554	15,362
TOTAL REVENUES	343,249	360,619	17,370	377,753
EXPENDITURES:				
Bond Retired	240,000	1,970,000	(1,730,000)	230,000
Interest Paid	45,680	86,110	(40,430)	96,391
Miscellaneous	1,740	1,740	0	1,844
Bond Issue Costs	39,250	43,793	(4,543)	0
Notes Retired	93,890	100,816	(6,926)	61,797
Interest Paid	68,444	71,875	(3,431)	58,013
TOTAL EXPENDITURES	489,004	2,274,334	(1,785,330)	448,045
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(145,755)	(1,913,715)	(1,767,960)	(70,292)
OTHER FINANCING SOURCES (USES):				
Proceeds from Issuance of Bonds	40,028	1,815,000	(1,774,972)	119,809
Transfers from Other Funds	(268,800)	172,691	441,491	
TOTAL OTHER FINANCING SOURCES (USES)	(228,772)	1,987,691	(1,333,481)	119,809
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(374,527)	73,976	(3,101,441)	49,517
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	380,412	380,412	0	340,471
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ 5,885	\$ 454,388	\$ (3,101,441)	\$ 389,988
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		(315)		(9,576)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 454,073		\$ 380,412

CITY OF AMORY, MISSISSIPPI
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
September 30, 2003

		TOTALS	
		2003	2002
<u>ASSETS:</u>			
Cash on Deposit	\$	23,579	\$ 9,560
Investments		0	55,911
Due From Other Funds		0	0
Due From Other Governments		0	0
Accrued Interest Receivable		0	64
Total Assets	\$	<u>23,579</u>	\$ <u>65,535</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$	0	\$ 0
Due to Other Funds		0	0
Total Liabilities		<u>0</u>	<u>0</u>
Fund Balances:			
Reserved For Capital Improvements		<u>23,579</u>	<u>65,535</u>
Total Liabilities and Fund Balances	\$	<u>23,579</u>	\$ <u>65,535</u>

CITY OF AMORY, MISSISSIPPI
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 CAPITAL PROJECT FUNDS
 Year Ended September 30, 2003**

		TOTALS	
	CAPITAL IMPROVEMENTS	2003	2002
<u>REVENUE:</u>			
Interest	\$ 361	\$ 361	\$ 1,116
Grant Income	0	0	33,645
Total Revenue	361	361	34,761
<u>EXPENDITURES:</u>			
Capital Improvements	544,817	544,817	50,955
Total Expenditures	544,817	544,817	50,955
Excess (Deficiency) of Revenue Over (Under) Expenditures	(544,456)	(544,456)	(16,194)
<u>OTHER FINANCING SOURCES:</u>			
Loan Proceeds	500,000	500,000	0
Transfers From Other Funds	2,500	2,500	0
Total Other Financing Sources (Uses)	502,500	502,500	0
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	(41,956)	(41,956)	(16,194)
Fund Balance - October 1,	65,535	65,535	81,729
Fund Balance - September 30,	\$ 23,579	\$ 23,579	\$ 65,535

CITY OF AMORY, MISSISSIPPI
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended September 30, 2003
With Comparative Actual Amounts for Year Ended September 30, 2002

	F.Y.E. 9/30/03			F.Y.E. 9/30/02
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Interest	361	425	64	1,236
Grant Income	0	0	0	33,645
TOTAL REVENUES	361	425	64	34,881
EXPENDITURES:				
Capital Outlay	1,068,396	544,817	523,579	50,955
TOTAL EXPENDITURES	1,068,396	544,817	523,579	50,955
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,068,035)	(544,392)	523,643	(16,074)
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	1,000,000	500,000	(500,000)	0
Transfers to Other Funds	2,500	2,500	0	0
TOTAL OTHER FINANCING SOURCES (USES)	1,002,500	502,500	(500,000)	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(65,535)	(41,892)	23,643	(16,074)
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
Beginning of Year	65,535	65,535	0	81,729
FUND BALANCE (NON-GAAP BUDGETARY BASIS) -				
End of Year	\$ 0	\$ 23,643	\$ 23,643	\$ 65,655
Adjustments to Generally Accepted Accounting Principles:				
Revenue Accruals		(64)		(120)
FUND BALANCE (GAAP BASIS) -				
End of Year		\$ 23,579		\$ 65,535

CITY OF AMORY, MISSISSIPPI
RECONCILIATION OF ORIGINAL AD VALOREM TAX ROLLS
TO FUND COLLECTIONS
For the Fiscal Year Ended September 30, 2003

	MUNICIPAL	SCHOOL	TOTAL
<u>ASSESSED VALUATION AND MILLAGE:</u>			
Realty	\$ 27,544,892	\$ 32,918,244	
Personal & Public Utility	9,356,994	12,996,148	
Personal Auto	8,243,122	12,174,964	
Less: Exemption for over 65	<u>4,665,899</u>	<u>5,798,984</u>	
Total Municipal at 35.77 Mills	\$ <u>40,479,109</u>		\$ 1,447,938
Total School at 39.80 Mills		\$ <u>52,290,372</u>	2,081,157
<u>COLLECTION ADJUSTMENTS:</u>			
Add: Municipal Homestead Reimbursement			75,411
School Homestead Reimbursement			126,767
Prior Year Tax Collections			35,315
Less: Homestead Exemption			(176,070)
Delinquent Taxes			(14,374)
Changes in Assessed Valuation			(9,272)
Collection Costs by County			<u>(38,974)</u>
TOTAL TO BE ACCOUNTED FOR			\$ <u>3,527,898</u>
<u>COLLECTION CREDITS TO FUNDS:</u>			
	<u>TAXES</u>	<u>HOMESTEAD</u>	<u>TOTAL</u>
Municipal General Fund	\$ 1,075,907	\$ 57,411	\$ 1,133,318
Debt Service	337,842	18,001	355,843
Solid Waste	720	0	720
Disbursed to Schools for:			
School B&I '94 &'87 Issues,			
Minimum Education Program &			
Other than Minimum Fund	<u>1,910,336</u>	<u>126,767</u>	<u>2,037,103</u>
Total	\$ <u>3,324,805</u>	\$ <u>202,179</u>	\$ <u>3,526,984</u>
Balance Represented By:			
Unaccounted For - Undersettled			\$ <u>914</u>
TOTAL ACCOUNTED FOR			\$ <u>3,527,898</u>

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2003

NAME	POSITION	COMPANY	BOND AMOUNT
William Abney	Park & Recreation Director	American States	\$10,000
Howard T. Boozer	Alderman	U S F & G	45,000
Ronnie Bowen	Chief of Police	U S F & G	50,000
Ray Brown	Accountant-Utilities Dept.	U S F & G	10,000
Russell Butler	City Planner/Zoning Administrator	U S F & G	10,000
Eva Collins	Dispatcher/Deputy Court Clerk	Brierfield	10,000
Sandra Crook	Deputy City Clerk	U S F & G	10,000
John E. Darden	Alderman	U S F & G	45,000
Jennifer Dawn Elliott	Dispatcher/Deputy Court Clerk	Western Surety	10,000
Helen Evans	Secretary-Planning & Zoning	U S F & G	10,000
Curtis E. French	Alderman	U S F & G	45,000
Debbie Harris	Clerk- Utilities Dept.	U S F & G	10,000
Karen Beth (Franks) Hughes	Dispatcher/Deputy Court Clerk	Western Surety	10,000
Timothy Brian Jenkins	Dispatcher/Deputy Court Clerk	Brierfield	10,000
Catherine Ligon	Dispatcher/Deputy Court Clerk	Brierfield Ins. Co	10,000
Amy McCarley	Clerk- Utilities Dept.	U S F & G	10,000
Suzanne C. Mobley	City Clerk	U S F & G	50,000
Suzanne C. Mobley	Tax Collector	U S F & G	50,000
Judy C. Moore	Office Manager-Utilities Dept	U S F & G	10,000
E. Renee' Moore	Payroll Clerk	U S F & G	10,000
Geneva Oswalt	Program Director-Park & Rec.	Brierfield Ins. Co.	10,000
Martha Reeves	Dispatcher/Deputy Court Clerk	American States	10,000
Dan Rogers	Alderman	U S F & G	45,000
Betty Smith	A/R Clerk – Utilities Dept.	U S F & G	10,000
Wilma J. Smith	Program Coordinator-Park & Rec.	Brierfield Ins. Co.	10,000
Tony Swan	Utilities Manager	U S F & G	10,000
Judy Tyree	Court Clerk	U S F & G	10,000
Molly Walsh	Clerk-Utilities Dept.	U S F & G	10,000
Peggy Wilkerson	Alderman	U S F & G	45,000

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2003

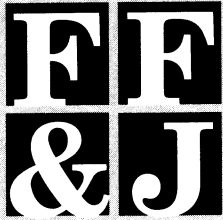
	INTEREST RATE	BALANCE 10-1-02	DEBT ISSUED	DEBT RETIRED	BALANCE 9-30-03	CURRENT MATURITIES
LONG-TERM DEBT:						
Governmental Funds						
General Obligations:						
Series 1996	Variable	\$ 1,970,000	\$	\$ (1,970,000)	\$ 0	\$ 0
Refunding Series 2003	Variable	0	1,815,000		1,815,000	285,000
Total General Obligation Bonds		1,970,000	1,815,000	(1,970,000)	1,815,000	285,000
Other Long-Term Debt:						
CAP Loan - State of Mississippi	4.00%	359,654		(32,915)	326,739	34,029
CAP Loan - State of Mississippi	3.00%	500,000		(26,801)	473,199	27,547
CAP Loan - State of Mississippi	3.00%	0	500,000	(11,070)	488,930	27,003
Promissory Note	6.65%	595,524		(30,030)	565,494	35,610
Total Governmental Funds		3,425,178	2,315,000	(2,070,816)	3,669,362	409,189
Proprietary Fund Types Debt						
Other Long-Term Debt:						
Note Payable to TVA	2.00%	351,310		(67,441)	283,869	68,849
Promissory Note	2.95%	0	91,520		91,520	29,617
Total Proprietary Fund Type Debt		351,310	91,520	(67,441)	375,389	98,466
Total Long-Term Debt		\$ 3,776,488	\$ 2,406,520	\$ (2,138,257)	\$ 4,044,751	\$ 507,655

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2003

INVESTMENTS	MATURITY DATE	RATE	VALUE
<u>General Fund</u>			
Certificate of Deposit	10/08/03	1.750	\$ 22,675
Certificate of Deposit	10/08/03	1.750	23,821
Certificate of Deposit	10/08/03	1.030	557,446
Certificate of Deposit	10/08/03	1.060	682,461
Certificate of Deposit	10/08/03	0.791	857,252
Certificate of Deposit	10/08/03	1.030	15,717
Certificate of Deposit	10/08/03	1.060	3,147
Certificate of Deposit	10/08/03	0.791	304,945
Certificate of Deposit	10/08/03	1.030	6,121
Certificate of Deposit	10/08/03	0.791	3,481
			<u>\$ 2,477,066</u>
<u>Special Revenue</u>			
Certificate of Deposit	10/08/03	1.030	51,632
Certificate of Deposit	10/08/03	0.791	420,810
Certificate of Deposit	10/08/03	0.791	35,631
Certificate of Deposit	10/08/03	0.791	5,058
Certificate of Deposit	10/08/03	0.791	13,230
Certificate of Deposit	10/08/03	0.791	2,364
			<u>\$ 528,725</u>
<u>Debt Service Fund</u>			
Certificate of Deposit	10/08/03	1.030	\$ 18,940
Certificate of Deposit	10/08/03	1.060	13,735
Certificate of Deposit	10/08/03	0.791	400,231
			<u>\$ 432,905</u>
<u>Enterprise Funds</u>			
Certificate of Deposit	10/8/003	1.030	\$ 71,515
Certificate of Deposit	10/08/03	1.060	52,223
Certificate of Deposit	10/08/03	0.791	45,967
Certificate of Deposit	07/07/03	0.990	1,050,080
Certificate of Deposit	08/08/03	1.010	209,882
Certificate of Deposit	11/07/03	1.130	582,596
Certificate of Deposit	11/07/03	1.130	39,002
Certificate of Deposit	10/08/03	1.200	956,618
Certificate of Deposit	12/08/03	1.180	112,989
Certificate of Deposit	01/08/04	1.170	572,470
Money Market Accounts			180,974
Money Market Accounts			3,605
Money Market Accounts			3,852
Money Market Accounts			7,491
Money Market Accounts			86,418
Money Market Accounts			92,270
			<u>\$ 4,067,952</u>

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FEDERAL AWARD PROGRAMS
September 30, 2003

GRANTOR	FEDERAL CFDA NUMBER	CASH/ ACCRUED OR (DEFFERED) REVENUE AT 10/01/02	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ ACCRUED OR (DEFFERED) REVENUE AT 9/30/03
Major Federal Award Programs:					
Department of Transportation					
Utility Relocation Project	20.205	\$ <u>0</u>	\$ <u>373,875</u>	\$ <u>373,875</u>	\$ <u>0</u>
Other Federal Award Programs:					
Department of Justice					
Local Law Enforcement Block Grant	16.592	\$ <u>0</u>	\$ <u>10,950</u>	\$ <u>10,950</u>	\$ <u>0</u>
Total Federal Financial Assistance		\$ <u>0</u>	\$ <u>384,825</u>	\$ <u>384,825</u>	\$ <u>0</u>



**FRANKS,
FRANKS &
JARRELL, P.A.**

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OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
City of Amory
Amory, Mississippi 38821

We have audited the financial statements of the City of Amory, Mississippi as of and for the year ended September 30, 2003, and have issued our report dated May 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Amory, Mississippi's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and reportable conditions as finding number #03-1. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Amory, Mississippi in a separate letter dated May 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Amory, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Amory, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

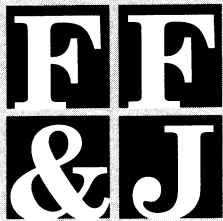
Reportable conditions are described in the accompanying schedule of findings and questioned costs as finding numbers #03-1 and #03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers #03-1 and #03-2 to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Amory, Mississippi in a separate letter dated May 20, 2004.

This report is intended solely for the information and use of management, Mayor, Board of Alderman, Mississippi State Audit Department and other related state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.
May 20, 2004



**FRANKS,
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Board of Aldermen
City of Amory, Mississippi

Compliance

We have audited the compliance of the City of Amory, Mississippi with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2003. The City of Amory's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and reportable conditions. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Amory, Mississippi's management. Our responsibility is to express an opinion on the City of Amory, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Amory, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Amory, Mississippi's compliance with those requirements.

In our opinion, the City of Amory, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

The management of the City of Amory, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Amory, Mississippi's

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Mayor and Board of Aldermen, the State of Mississippi, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Franks, Franks & Jarrell, P.A.

FRANKS, FRANKS & JARRELL, P.A.

May 20, 2004

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2003

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified
Internal control over financial reporting:
Material weakness identified? X Yes No
Reportable condition identified
not considered to be material weaknesses? Yes X None reported
Noncompliance material to financial statements
noted? Yes X No

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? Yes X No
Reportable condition(s) identified
not considered to be material weaknesses? Yes X None reported
Type of auditor's report issued on compliance
for major programs: unqualified
Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

20.205 Department of Transportation – Highway Planning & Construction

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes X No

CITY OF AMORY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2003

CURRENT YEAR FINDINGS:

SECTION 2 - FINANCIAL STATEMENT FINDINGS

FINDING NO. 03-1

Criteria: The City is required, by state statutes, to prepare a budget for all funds of the City and to monitor and modify the budget as necessary to ensure that all expenditures are within the budgeted amounts.

Cause of Condition: The City had budget overages in some expenditure categories for the year ended September 30, 2003.

Recommendation: The City should ensure that all expenditures are within the final amended budget amounts.

Response: The City will more closely monitor on a monthly basis expenditures compared to budgeted amounts for all expenditure categories.

FINDING NO. 03-2

Criteria: The City is to maintain adequate internal controls to ensure accurate processing and accounting of transactions for the fair presentation of its financial records.

Cause of Condition: The City does not employ a comprehensive system to account for the transactions of the City related to court fines and assessments. The City currently has a large balance of uncollected court fines on the court accounting systems. Also, the City currently has three different systems for accounting for outstanding court fines. The possibility of duplication of court fines on dual systems was noted.

Recommendation: The City should take necessary steps to consolidate the accounting system of the City into one system. The City should ensure all efforts are made to collect the large amount of outstanding court fines.

Response: The City will implement adequate internal controls over the processing of court fines and assessments of the City. The City will ensure compliance with internal controls and state laws.

SECTION 3 - FEDERAL AWARD FINDINGS

None

- * Finding 03-1 and 03-2 is considered Reportable Conditions.
- * Finding 03-1 and 03-2 is considered Material Weaknesses.
- * Finding 03-1 and 03-2 is considered noncompliance findings.
- * Finding 03-1 and 03-2 was also findings in prior year.